

Message Text

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46

ACTION AGR-20

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P 121505Z AUG 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 7665

UNCLAS BUENOS AIRES 5988

PASS FAS/USDA ATTN: MEEKER AND R.A. OWEN

E.O. 11652: N/A

TAGS: EAGR, AR

SUBJECT: ECON IMPACT ON HIGH FOOD PRICES & PETROLEUM SITUATION

REF: FASTO CIRLAR 250

1) IN GENERAL, ARGENTINA HAS NOT BEEN VERY ADVERSLY AFFECTED BY HIGH FOOD PRICES AND PETROLEUM SITUATION. ARGENTINA IS NET FOOD EXPORTER AND IS APPROXIMATELY 90 PERCENT SELF-SUFFICIENT IN CRUDE OIL PRODUCTION.

2) DETAILED BREAKOUT CONSUMER EXPENDITURES REQUESTED REFTTEL NOT AVAILABLE IN OFFICIAL PUBLICATIONS. CENTRAL BANK PROVIDED EMBASSY WITH ATTACHED ESTIMATES. AS YET, NO DATA AT ALL AVAILABLE FOR 1974.

3) PRIVATE CONSUMPTION EXPENDITURES INCREASED 6 PERCENT IN REAL TERMS FOR 1973, WHICH HIGHER THAN PAST AVERAGES. EXPENDITURES ON SERVICES ROSE MOST RAPIDLY, WHILE REAL FOOD EXPENDITURES REMAINED ABOUT CONSTANT. NO INFORMATION AVILABLE ON DISTRIBUTION FOOD CONSUMPTION BETWEEN HOME AND OTHER, BUT WE ESTIMATE MOST EXPENDITURES FOR HOME CONSUMPTION. OVERALL LARGE INCREASE IN REAL CONSUMPTION EXPENDITURES CLOSELY LINKED TO INCOME REDISTRIBUTION PROGRAM WHICH SHIFTED INCOME IN FAVOR SALARIED WORKERS.

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4. PRICE DATA INDICATE GOA PRICE CONTROL PROGRAM IMPLEMENTED MAY 1973 HAD SOME SUCCESS HOLDING DOWN INCREASE IN CONSUMER COST OF LIVING INDEX. DATA SHOW INCREASES AS FOLLOWS: AVG. 1972-73 60 PERCENT; DEC. 1972-DEC. 1973 43.8 PERCENT; JUNE 1973-JUNE 1974 12.1 PERCENT.

5) DESPITE FACT ARGENTINA MOSTLY SELF-SUFFICIENT IN PETROLEUM PRODUCTION, PRICES PETROLEUM PRODUCTS NEVERTHELESS HAVE INCREASED SHARPLY SINCE 1972. FOR EXAMPLE: PRICE REGULAR GASOLINE LUMPED FROM .63 PESOS PER LITER IN JULY 1972 TO 3.40 PESOS PER LITER IN JULY 1974. PRICE INCREASES MOSTLY RESULT FROM NEW TAXES IMPOSED BY GOA FOR PURPOSES INCREASING REVENUE.

PRIVATE CONSUMPTION EXPENDITURES¹

1973

	1972	1973	I	II	III	IV		
FOOD & DRINK		3,424	3,434	3,144	3,290	3,407	3,894	
CLOTHING		1,343	1,445	1,124	1,495	1,329	1,835	
HOUSEHOLD								
DURABLE GOODS			806	856	736	831	836	1,022
PERFUMES AND								
PHARMACEUTICS			682	744	671	779	744	781
AUTOMOBILES		1,028	1,183	963	1,164	1,177	1,426	
PAPER PRODUCTS								
AND TOYS		128	127	108	136	132	133	
VARIOUS		552	572	570	542	571	604	
SERVICES		3,769	4,080	3,988	4,005	4,157	4,170	
TOTAL CONSUMPTION ²		11,732	12,441	11,304	12,241	12,353	13,864	

PRICE INDEXES - 1960-100

GENERAL CONSUMER
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PRICE 1,466.2 2,350.5

1) DATA IN MILLIONS OF CONSTANT 1960 PESOS.

2) TOTAL CONSUMPTION IN CURRENT 1972 DOLLARS EQUALS \$17,236 MILLION; 1973-\$29,301 MILLION, USING EXCHANGE RATE \$1 - 9.98 PESOS.
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